



Workplace Gender Equality Act 2012

**Consultation on reporting matters
Finance Sector Union of Australia**

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Comment from Finance Sector Union of Australia

Background

The Finance Sector Union (FSU) is the trade union representing employees working in the banking, finance and insurance sector. This industry consists of around 421,400 employees nationwide¹, with women making up a slight majority of the total number of staff within the sector. Despite women making up the majority of employees in the industry, the pay gap between men and women is the highest in the country, currently sitting at 32.7%²

Some of the major contributing factors to this pay gap include:

- Complex pay systems that are increasingly reliant on discretionary pay and market rates;
- Individualised pay outcomes rather than across the board, collectively negotiated increases;
- Lack of transparency around pay rates reinforced by policies which seek to preclude employees from discussing their pay with colleagues;
- Lack of consistent job classification in the industry;
- Major employers in the industry rely heavily on job evaluation based on Hay, not skills based;
- Gender segregation within the industry

Some notable examples of the FSU's recent work to highlight and address the problems facing women in the industry include:

- Working with NAB on joint pay equity projects since 2006
- The negotiation of a memorandum of understanding with BUPA on pay equity;
- Participation in the development of the new Australian standard for Gender inclusive job evaluation.
- Extension of paid parental leave schemes through both collective bargaining and legislative change.
- Removal of discriminatory provisions in performance based pay systems that disadvantage workers who take extended breaks for the paid workforce.

¹ ABS, *Labour Force Australia: November 2012*, (2012), <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6291.0.55.003Nov%202012?OpenDocument> Viewed 25/01/13

² EOWA, *Gender Pay Gap Statistics*, (Aug 2012), http://www.wgea.gov.au/Research_And_Resources.asp, Viewed 24/1/13

In addition, the FSU regularly supports members with issues relating to discrimination on the basis of gender as well as supporting women facing problems advancing their careers due to parental responsibilities.

Feedback

The FSU welcomes the five new Gender Equality Indicators identified in the WGE Act as practical and positive measures for monitoring the ongoing issues around gender equality in the workplace.

This document provides feedback from the Finance Sector Union on each of the indicators and the reporting matters as outlined in the Draft Framework for Reporting Measures under the Gender Equality Indicators.

1. Improve women's workforce participation across Australia

FSU supports the position that the indicator 'gender composition of the workforce' as outlined in the draft framework is the correct measure of this outcome.

Measurable outcomes

The profile of women and men in the workplace is listed in the framework as a measurable outcome; FSU asserts that this should include:

- Total numbers by gender
- Numbers in each job grade/classification by gender
- Numbers in each occupational grouping by gender (to enable identification of gender segregation)
- Numbers of full time, part time and casual employees by gender

The framework also discusses data on recruitment, exits and retention by gender, FSU believes this should also include opportunities for development such as:

- Numbers employed in graduate programs by gender (those employed through graduate programs are fast tracked into management roles)
- Participation rates in internal and external training by gender and mode of employment.

Process Indicators

FSU supports the recommendations for Gender equality as a key performance indicator for managers, and strategies for preventing and dealing with sex based harassment and discrimination.

In addition FSU advocates:

- Training on unconscious gender bias for staff with managerial or recruitment responsibilities;
- Selection panels that include both male and female employees; and
- Access to domestic violence leave.

2. Improve representation of women in leadership positions and governing bodies

The proposed indicator ‘Gender composition of governing bodies’ should be expanded to ‘Gender composition of leadership at all levels’. The major employers in the finance industry employ tens of thousands of staff, and have many thousands of managers at a range of levels. Unless there are improvements in the numbers of women at all levels of management, there will not be the pipeline for women to move into the most senior roles in the organisation.

It would be a mistake to restrict the focus to the very small number of positions on each board, or at executive manager level, as this will only make a difference for a very small number of women. For example, CBA employs around 52,000 staff³ and there are only 22 people across the CBA board and executive management team. Even if CBA were to improve gender representation to 50%, this would directly impact on a total of 11 women.

Gender breakdown of executive managers and board members in the big 4 banks

Bank	Executive management	Board of Directors	source
ANZ	11 members, 3 women	9 members, 3 women	⁴
CBA	13 members, 3 women	9 members, 3 women	⁵
NAB	11 members, 2 women	12 members, 2 women	⁶
WBC	11 members, 2 women	8 members, 3 women	⁷

Measurable outcomes

FSU supports the proposals for reporting on:

- Job classifications by gender;
- Gender data – distance from CEO; and
- Gender composition of governing bodies

FSU strongly encourages the expansion of the proposal for gender data for key management personnel to be expanded to gender data for all management personnel.

Process indicators

³ Source: WGEA, *Case Study: Women in Leadership, Commonwealth Bank*, (2012), http://www.wgea.gov.au/Case_Studies.asp

⁴ Source ANZ website, <http://www.anz.com.au/about-us/our-company/executive/> Viewed 24/1/13

⁵ Source CBA website, <http://www.commbank.com.au/about-us/our-company.html> Viewed 24/1/13

⁶ Source NAB website, http://www.nab.com.au/wps/wcm/connect/nab/nab/home/About_Us Viewed 24/1/13

⁷ Source WBC website, <http://www.westpac.com.au/about-westpac/westpac-group/> Viewed 24/1/13

A suggested inclusion to the examples provided of underpinning processes and strategies is mentoring.

3. Equal remuneration for work of equal value

The proposed indicator 'equal remuneration between women and men' should be expanded to 'equal remuneration between women and men for work of equal value', to ensure that there is no confusion about whether this refers to people performing identical work, or is intended to include a consideration of work value.

There is still a lot of education required about what constitutes pay equity, particularly around the concept of work of equal value. This is clearly illustrated in the following transcript from a Q&A (ABC TV) episode on the gender divide on 7th March 2011, where a Westpac employee asks Westpac CEO Gail Kelly about what Westpac intends to do to address the gender pay gap within the industry. Please see relevant excerpt from the transcript of the program below:

MARK PANNOWITZ: Hi, Gail. I'm Mark and I'm here with my Westpac colleagues. Currently there is a 27 per cent pay difference between males and females in the finance sector. How is Westpac planning to address this issue?

GAIL KELLY: Well, I don't think so actually. I mean we pay equally so we wouldn't be accredited, as we just have been, in terms of the Equal Opportunity - EOW Act if we didn't actually have - because it's very rigorous, attested and assessed - if we didn't have pay equity. So we pay the same.

GAIL KELLY: Well, as I say we wouldn't be accredited if we had a gender gap with regard to pay. So we absolutely don't have that. It's something we're rigorous about. It's something we are absolutely passionate about to make sure that we don't have that. So really happy, Mark, to have you and your team come and see my directly and raise that issue.

TONY JONES: Is it not the case in Westpac the men have the better paid jobs by some sort of factor of 27 per cent or more?

GAIL KELLY: Well, what we're talking about though is same pay for same job. That's what we're talking about here.⁸

This interview clearly demonstrates that there is a lot of work that needs to be done in order to ensure proper understanding about gender equity at the decision maker level. Westpac's industrial instruments (Awards and Collective Agreements) removed a pay scale based on overt gender segmentation in 1987. Westpac is an equal opportunity employer having won a significant number of awards for its diversity and equity policies over the years but even this employer is believed to have a significant gap between pay rates for work of equal value. The current reporting regime is inadequate in capturing and reporting transparent data on this point.

⁸ Source: ABC QandA transcript, (2011) <http://www.abc.net.au/tv/qanda/txt/s3151089.htm> Viewed 24/1/13

Although women make up the majority of finance sector workers (53%)⁹, there is deeply entrenched gender segregation within the industry. In the 1980s, when other industries developed skills based classification structures via award restructuring, the major banks undertook a process of job evaluation via the Hay group. It is now well documented that the Hay methodology inadvertently incorporated gender bias.¹⁰ This bias was transposed onto an industry that was already characterized by high levels of gender segregation, further exacerbating existing issues.

Measurable outcomes

In addition to the proposals for reporting of base pay by gender, performance pay by gender and occupations by gender, FSU believes this should include:

- Total gender pay gap;
- Gender pay gap by grade and job role;
- Access to bonus/incentive payments by job role and gender; and
- Organisational trend regarding gender pay gap

Process indicators

The draft framework proposes reporting on underpinning processes and strategies, e.g. pay equity strategy, review and analysis, key performance indicators; FSU asserts that this should also include:

- Training in pay equity for all managers and recruiters;
- A review of all new and current job roles using the new Australian standard on Gender Inclusive Job Evaluation;
- Specific programs to address barriers for women identified through pay equity audits or committees;
- Pay transparency including whether employees are precluded from discussing their individual pay outcomes with colleagues;
- Review of employees' pay on return from parental leave; and
- Programs to stay in touch with employees on parental leave.

4. Increased flexible working for women and men

The stated indicator of 'availability and utility of employment terms, conditions and practices relating to flexible working arrangements for employees and to working arrangements supporting employees with family or caring responsibilities' for this outcome should be amended to 'availability and utility of employment terms and conditions and practices relating to working arrangements supporting employees with family or caring responsibilities'.

⁹ WGEA paper, *Women in the Workforce: by Industry*, (2013)
http://www.wgea.gov.au/Research_And_Resources.asp Viewed 24/1/13

¹⁰ Steinberg, RJ & Jacobs, JA, *Gendered instructions: Cultural lag and gender bias in the hay system of job evaluation* (1995)

The reasoning behind this amendment is that the FSU does not believe that all “flexibility” is by definition a contributor to achieving the objective of gender equity in the workplace. Australia and the finance sector has a high degree of precarious employment through casualisation, labour hire, contracting and employer initiated roster changes. Where “flexibility” is manifested in employer controlled precarious arrangements, this is not a benefit to gender based equity in finance sector workplaces because women disproportionately occupy casual, temporary and labor hire positions. Workers in pre-management roles have less control over their working hours and women dominate these positions¹¹.

Measurable outcomes

FSU strongly supports the measurable outcomes listed in the Draft framework including:

- Part time and casual work by gender;
- Promotion of part time employees by gender;
- Employees taking parental leave;
- Return to work from parental leave; and
- Rates/quantum of parental leave

In addition to these, FSU would like to see the inclusion further information around flexible working arrangements including:

- Number of employees accessing flexible working arrangements by gender
- Flexible working arrangements by type including – part time work, work from home (regular or ad hoc), variable start/finish times, job share, compressed week
- Number of requests for flexible working arrangements denied and reason.

To further improve gender equality in the workplace we need to see a continued shift toward the sharing of parenting and caring work, yet often men report negative attitudes towards them accessing leave for these purposes. In order to ascertain management attitude toward the sharing of parenting and caring responsibilities it would be useful to have the following reported:

- In addition to parental leave, the rates/quantum of carer’s leave
- Employees taking parental leave by gender
- Employees taking carer’s leave by gender.

Breaks from the workplace for childrearing have long been a factor in lower outcomes for women in the workplace. In addition to return to work from parental leave, it is useful to look at:

- Number of staff who leave within 12 months of return from parental leave and whether it was resignation or redundancy

¹¹ Source: ABS, Cat 4125.0 - Gender Indicators, Australia, Jan 2012, released February 2012, Table 6

- Proportion of staff who leave within 12 months of return from parental leave due to redundancy, compared to those who haven't taken parental leave¹²

These figures can help us to understand the reality of how well family flexible work policies are actually working within an organisation.

Process indicators

In addition to the proposal for access to various conditions and policies relating to flexibility, family and caring responsibilities, FSU advocates access to job share along with practical support for job share e.g. job share registers.

5. Promotion of employee and employer engagement in gender equality

FSU would like to see the indicator expanded from 'consultation with employees on issues concerning gender equality in the workplace' to 'consultation and training with employees and their unions on issues concerning gender equality in the workplace'.

Given the complexity of the area, it would be very difficult for the majority of employees to genuinely engage with their employer about issues around pay equity without some form of training and the support from their union.

Measurable outcomes

There are no measurable outcomes included in the draft framework document. FSU believes that there should be a measure around numbers of staff trained in gender equality including details of relevant company initiatives or programs and how to access them and that this should be shown by grade.

Process indicators

In addition to modes on consultation on gender equality, FSU believes that there should be the addition of a diversity/gender equality committee.

Conclusion

The FSU is very supportive of moves to address gender equity in Australian workplaces. With a largely female membership and the largest pay gap of any industry, this is a key issue for our members.

Employers in our industry talk a lot about gender equality and have more policies in this area than most industries and yet the outcomes for women are not improving, there are very few women in major decision making roles and the pay gap continues to increase. It has been a source of frustration that for many years now, the major

¹² Research published in Aug 2012 identified that 37% of women that left NAB in the 12 months following parental leave had been retrenched, compared to 8% of the NAB population in the Australian region as a whole. Source: NAB/FSU, *NAB and FSU: working together for gender equity*, (2012)

employers in the finance industry continue to receive awards as “employers of choice for women” with an ever increasing gap between pay levels for the men and women who work for them.

FSU advocates that no employer with a gender pay gap above the national average should be eligible for this citation, but there should be some other form of recognition for organisations that are seeing improvements in their outcomes around gender equality.

FSU commends the changes to the WGE Act and the reporting required as another tool that can assist in creating transparency around outcomes for women in the workplace. This transparency will highlight the extent of the problem and help to raise awareness around where some of the major impediments to women’s participation exist.

FSU is pleased to note that the agency will no longer be waiving annual reporting obligations for employers, we strongly believe that these reports should be completed by all employers with over 100 employees and be made publically available, to ensure organisational accountability.

FSU is very disappointed that it appears that information regarding remuneration will be confidential as maintaining the secrecy of this information is a major barrier to organisational accountability to improve pay equity outcomes. Particularly with very large employers, this information would not identify an individual employee’s salary but would be very useful in understanding what is happening in the organisation, so that strategies could be developed to address these matters.

With goodwill and co-operation and the sharing of best practice solutions to address these matters, we hope this legislation will assist with improving gender equality in the finance industry.